



THE CITY OF SAN DIEGO  
**REPORT TO THE CITY COUNCIL**

DATE ISSUED: February 27, 2009 REPORT NO: 09-013

ATTENTION: Budget and Finance Committee  
Agenda of March 11, 2009

SUBJECT: Fiscal Year 2009 Mid-Year Budget Monitoring Report

REFERENCE: Fiscal Year 2009 Budget Amendment Report, #081-166  
Amendments to the FY 2009 Appropriation Ordinance, O-19822 and  
O-19832  
Financial Performance Report - Period 6, Fiscal Year 2009

REQUESTED ACTION:

Accept the Report from the Mayor on Fiscal Year 2009 Mid-Year Budget Monitoring.

STAFF RECOMMENDATION:

Accept the Report from the Mayor on Fiscal Year 2009 Mid-Year Budget Monitoring.

SUMMARY:

The following report presents projections of year-end revenues and expenditures. Projections are determined using actual (unaudited) data through period six (July 1, 2008 to December 12, 2008) and departmental information regarding spending trends and operations. The reductions to appropriations and changes in operations that were implemented as part of the first quarter report have been included. The revised budget throughout this report reflects Council's actions taken on December 9, 2008 (Ordinance O-19822) and February 3, 2009 (Ordinance O-19832). This report includes discussion of year-end projections that vary significantly from the revised annual budget for the General Fund and other budgeted funds with staff. For this report, a significant variance is defined as under or over budget revenues or expenditures of 10 percent or greater, with a minimum variance of \$100,000, or more than \$500,000 for a General Fund department and any variance over \$500,000 for a non-general fund.

**GENERAL FUND**

The General Fund is estimated to conclude the fiscal year with revenues exceeding expenditures by \$1.7 million due primarily to projected salary savings offsetting the projected shortfall in revenues. However, year-end sales tax revenue projections were developed prior to receipt of calendar year 2008 fourth quarter sales, which include the holiday season. Actual revenue

receipts may be less than estimated in this report, thus negatively affecting the current revenue projections for the General Fund.

Revenues and expenditures are each projected to end the fiscal year within 1 percent of the revised budget, as reflected in Table 1: Summary of FY 2009 General Fund Projections. Expenditures are projected to conclude the year \$10.5 million below the revised budget due primarily to vacancies throughout General Fund departments, while revenues are expected to be \$8.7 million under budget due to the continued slowdown in the economy. At year-end, revenues and expenditures are anticipated to total \$1.147 billion and \$1.145 billion, respectively.

### Summary of FY 2009 General Fund Projections

Table 1

Revenue/Expenditures	Revised Budget	Year-End Projection	Variance Amount	Variance %
Projected Revenue	\$ 1,156,037,357	\$ 1,147,299,716	\$ (8,737,641)	1%
Projected Expenditures				
Salaries	\$ 530,892,235	\$ 521,051,618	\$ 9,840,617	2%
Fringe and Non-Personnel	625,145,122	624,516,176	628,946	0%
Subtotal	\$ 1,156,037,357	\$ 1,145,567,794	\$ 10,469,563	1%

<b>Net Year-End Projection</b>	<b>\$ 1,731,922</b>
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Note: This table does not include the Appropriated Reserve.

This net year-end projection of \$1.7 million is in contrast to the estimated budget deficit of \$31.1 million from the first quarter projection analysis presented in the Fiscal Year 2009 Budget Amendment Report (#08-166) in November. This change in projections is summarized in Table 2: Comparison of FY 2009 General Fund Projections. Revenue projections have improved by \$2.8 million, representing less than 1 percent change from the first quarter, due to an increase in reimbursements to departments. However, expenditure projections are \$30.0 million, or 3 percent, less than projected in the first quarter.

### Comparison of FY 2009 General Fund Projections

Table 2

Revenue/Expenditures	First Quarter (as of period 3)	Mid-Year (as of period 6)	Change Amount	Change %
Projected Revenue	\$ 1,144,518,906	\$ 1,147,299,716	\$ 2,780,810	0%
Projected Expenditures				
Salaries	\$ 535,045,069	\$ 521,051,618	\$ (13,993,451)	3%
Fringe and Non-Personnel	640,544,339	624,516,176	(16,028,163)	3%
Subtotal	\$ 1,175,589,409	\$ 1,145,567,794	\$ (30,021,615)	3%

<b>Net Year-End Projection</b>	<b>\$ (31,070,503)</b>	<b>\$ 1,731,922</b>
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The large change in expenditure projections is primarily the result of corrective actions recommended by the Mayor and approved by City Council in December 2008 and February 2009 to address the revenue deficit projected earlier this fiscal year. The adjustments approved by City Council in Ordinances O-18822 and O-19832 are reflected in Attachment I: General Fund Corrective Actions. General Fund expenditure appropriations were reduced by \$36.6 million and reflect reductions in services, changes in operations, and managerial reductions, which include the reduction of 138.95 FTE positions. Additional one-time revenues of \$6.6 million were added to minimize the required expenditure reductions.

In addition, current expenditure projections assume the discontinuation of collection of certain fringe accounts. At the current rate of collections, the fund balances for long-term disability, Risk Management Administration, and workers' compensation would exceed operational needs and Reserve Policy guidelines; therefore, rate adjustments are being applied Citywide in the remaining months of this fiscal year. These rate adjustments amount to approximately \$6.2 million of reduced expenditures for the General Fund and align General Fund projected fringe benefits expenditures with the fringe benefits budget. Without these rate adjustments, projected year-end expenditures would exceed revenues by \$4.5 million. However, the combined impacts of the corrective actions taken earlier this fiscal year, fringe rate adjustments, and continued salary savings results in the projected expenditures that are within 1 percent of the revised budget and a net year-end projection of \$1.7 million of revenue in excess of expenditures. This positive projection could change based upon the results of the calendar year 2008 fourth quarter sales tax revenue receipts.

Due to the corrective actions and other projected expenditure savings, additional budget adjustments are not recommended at this time. Instead revenues and expenditures will continue to be monitored, in light of these changes, and be re-evaluated in the year-end report based upon three more periods of actual data.

## GENERAL FUND REVENUES

The revised General Fund revenue budget for Fiscal Year 2009 is \$1.156 billion. However, the period-to-date budget for period six of \$371.4 million was developed from the original adopted budget of \$1.193 billion. As a result, revenues through period six were under the period-to-date budget by \$30.8 million, or 8 percent, as displayed in Table 3: FY 2009 Actual and Projected General Fund Revenue. However, year-end revenues are projected to be below budget by only \$8.7 million or 1 percent due to the budget adjustments implemented in December 2008 and February 2009 to align the budget with projected revenues.

**FY 2009 Actual and Projected General Fund Revenue**

**Table 3**

<b>Actual/Projection</b>	<b>Budget</b>	<b>Actual/ Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
Actual through Period 6	\$ 371,366,421	\$ 340,606,976	\$ (30,759,445)	8%
Year-End Projection	1,156,037,357	1,147,299,716	(8,737,641)	1%

Departmental revenues are projected to be under budget by \$2.1 million, or 1 percent, as shown in Table 4: FY 2009 General Fund Revenue Projections by Category and detailed in Attachment II: General Fund Projected Revenues. Similarly, major General Fund revenues are projected to conclude the fiscal year 1 percent, or \$6.6 million, under budget. In combination, current revenue projections of \$1.147 billion reflect a minor increase from the \$1.145 billion reported in the Budget Amendment Report. The following sections discuss the variances between revenue projections and the revised annual budget.

**FY 2009 General Fund Revenue Projections by Category**

**Table 4**

<b>Revenue Source</b>	<b>Revised Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
Major General Fund Revenues	\$ 860,822,616	\$ 854,206,361	\$ (6,616,255)	1%
Departmental Revenue	295,214,741	293,093,356	(2,121,385)	1%
<b>Total</b>	<b>\$1,156,037,357</b>	<b>\$1,147,299,716</b>	<b>\$ (8,737,641)</b>	<b>1%</b>

## Major Revenues

With the current recession now in the beginning of its second year, the continued depressed financial outlook on a national, State, and local level is noticeably more protracted than originally anticipated in early calendar year 2008. Overall, per capita income growth has begun to stagnate, consumer confidence is at a 40 year low, and average personal wealth has continued to decline due to the loss of home equity and savings retirement plans. These factors are the catalyst for the drop in overall consumer spending, which is the main force that drives the national, State, and local economies.

Four major revenue sources, property tax, sales tax, transient occupancy tax (TOT), and franchise fees, account for 66 percent or \$763.2 million of the total General Fund revised revenue budget. As of the second quarter of the current fiscal year, property tax, TOT, and franchise fees are projected to be less than the Fiscal Year 2009 revised budget by \$4.8 million because of the economic downturn. Table 5: FY 2009 Major General Fund Revenue Projections summarizes the projections of the major revenue sources, which are projected to be \$6.6 million below the revised budget.

## FY 2009 Major General Fund Revenue Projections

Table 5

Revenue Source	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
Property Tax	\$ 396,620,386	\$ 395,451,517	\$ (1,168,869)	0%
Sales Tax	216,223,910	216,223,910	-	0%
Transient Occupancy Tax <sup>1</sup>	82,189,398	79,971,199	(2,218,199)	3%
Franchise Fees <sup>2</sup>	68,211,068	66,831,213	(1,379,855)	2%
Safety Sales Tax	7,394,458	7,317,082	(77,376)	1%
Property Transfer Tax	6,452,301	5,892,303	(559,998)	9%
Motor Vehicle License Fees	6,029,889	3,874,797	(2,155,092)	36%
Other Major Revenue	77,701,206	78,644,340	943,134	1%
<b>Total</b>	<b>\$ 860,822,616</b>	<b>\$ 854,206,361</b>	<b>\$ (6,616,255)</b>	<b>1%</b>

<sup>1</sup> Total City transient occupancy tax revised revenue budget for FY 2009 is \$156.9 million and the projection is \$152.6 million. The balance is budgeted in the Transient Occupancy Tax Fund.

<sup>2</sup> Total City FY 2009 revised franchise fees revenue budget is \$81.9 million and the projection is \$80.2 million. The balance is budgeted in the Environmental Growth Funds.

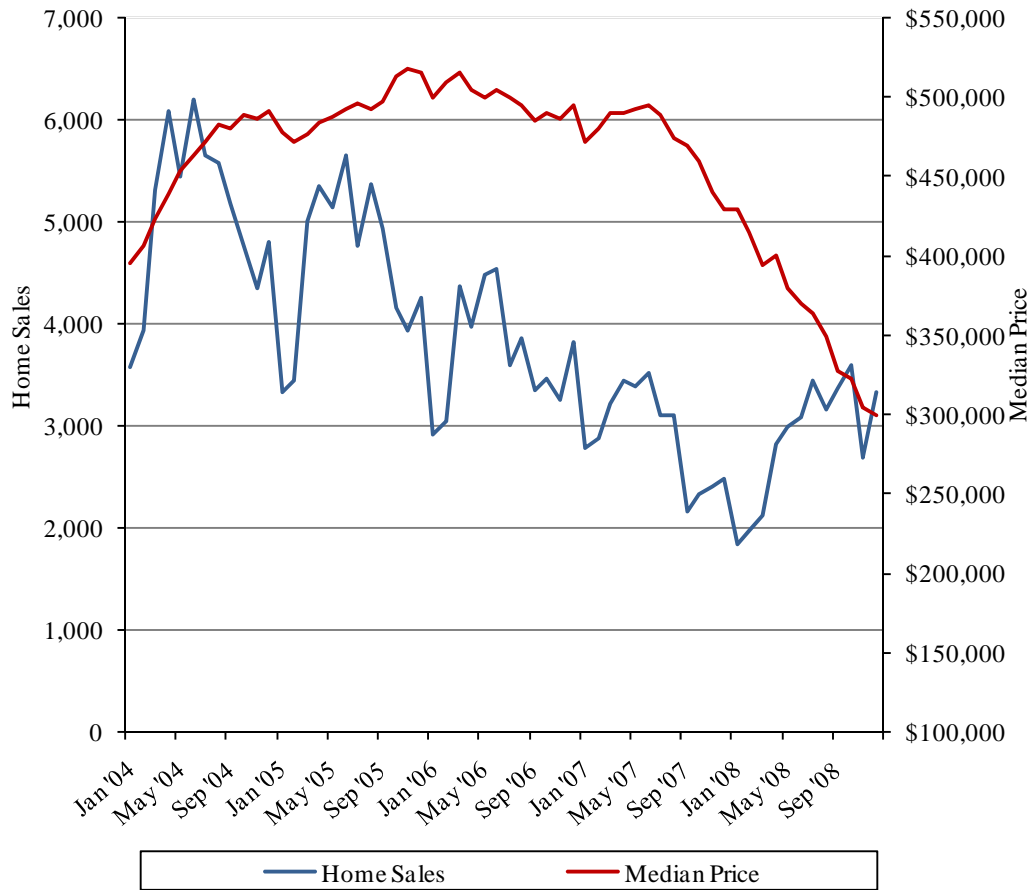
### Property Tax

The City of San Diego receives property tax revenue based upon a 1 percent levy on the assessed value of all real property. Property tax revenue is collected by the County of San Diego, which then allocates the revenue to a number of agencies within the City's geographic area, including the County, school districts, and special districts.

Although City property tax amounts are usually cushioned from small negative changes in the valuation of homes by Proposition 13, which caps the growth rate on assessed valuation at 2 percent per year, the decrease in home values that is currently being experienced is more pervasive and longer lasting than anticipated. The median home price in San Diego County has been dropping consistently from its peak in November 2005, as reflected in Graph 1: San Diego County Home Sales. DataQuick Information Systems reports that the median home price decreased from \$430,000 in December 2007 to \$300,000 in December 2008, a decline of 30 percent.

## San Diego County Home Sales

Graph 1

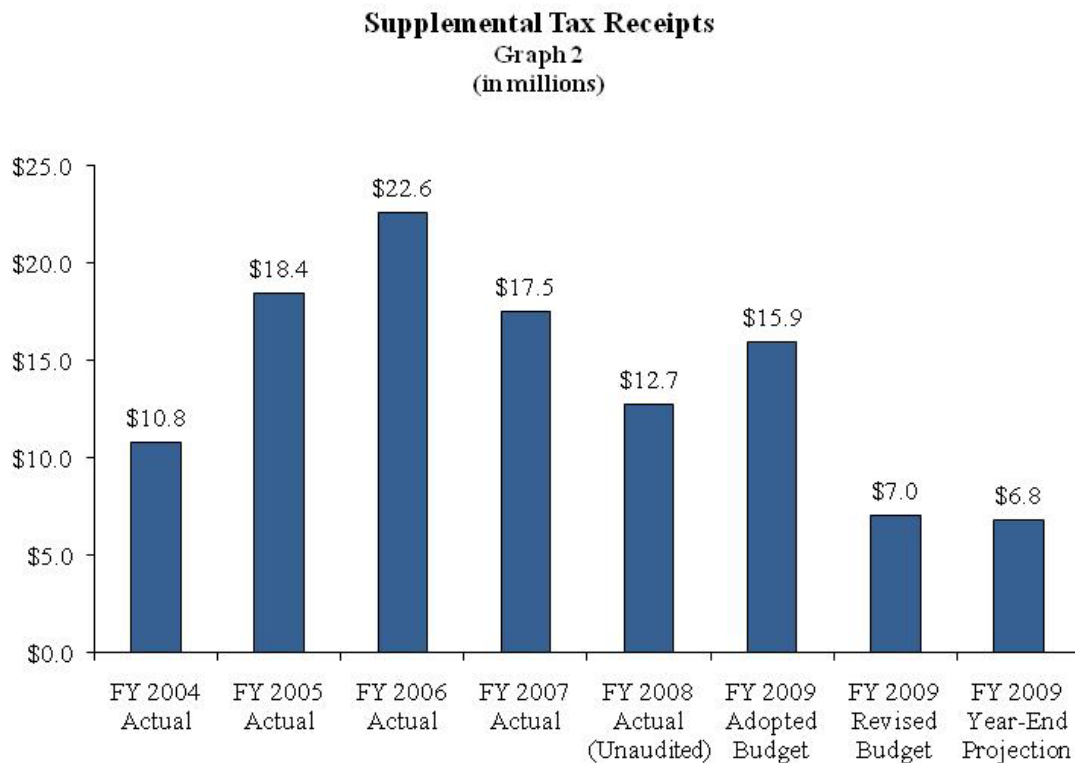


Source: DataQuick

The Fiscal Year 2009 adopted property tax budget was based on the assumption of a continued slowdown in the local real estate market. In the first week of October 2008, the City received the County's September tax roll data demonstrating that revisions were needed in the areas of current secured, current secured supplemental, and delinquent secured taxes. Based on this and other indicators, the property tax budget was revised downward by \$14.5 million. The revised property tax budget is \$396.6 million, which consists of \$289.7 million in base property tax and a property tax "in-lieu of vehicle license fees" payment of \$106.9 million. Continued delinquencies and reductions in supplemental tax collection activity are projected to cause property tax revenues to end the year \$1.2 million, or less than 1 percent, below the revised budget.

Historically, one of the largest categories of property tax revenue has been supplemental taxes. Supplemental bills are issued by the County Assessor, per State law, to property owners upon a change in ownership or the completion of new construction. The County Assessor reappraises the property and issues a supplemental assessment reflecting the difference between the prior assessed value and the new assessment. Given the current recession and its negative effects on local property values and new construction, supplemental taxes are projected to contribute \$0.3

million to the projected shortfall in property tax revenue. Graph 2: Supplemental Tax Receipts demonstrates the change in supplemental tax receipts over the last six years.



Delinquencies affect the timing of property tax receipts because tax delinquencies are collected at a much lower rate and property owners have up to five years in delinquency before the County can take possession of the property. While these taxes are ultimately collected at a lower rate, the near term effect results in an estimated decrease of \$0.6 million in property tax revenues. The combined impact of lower assessed valuation, increased delinquencies (lower collection rate), and significantly reduced supplemental tax collection is a projected budget shortfall of \$1.2 million in property tax revenues this fiscal year, as demonstrated in Table 6: FY 2009 Property Tax by Category.

FY 2009 Property Tax by Category			
Table 6			
Property Tax Category	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)
Current Secured	\$ 253,479,684	\$ 253,117,731	\$ (361,953)
Supplemental Secured	7,048,011	6,782,152	(265,859)
Delinquent Secured	9,360,146	8,744,274	(615,872)
Other Accounts	19,808,971	19,883,787	74,816
<b>Total</b>	<b>\$ 289,696,812</b>	<b>\$ 288,527,944</b>	<b>\$ (1,168,868)</b>

Note: This table does not include the property tax "in-lieu of vehicle license fees" payment.

### **Property Transfer Tax**

The Fiscal Year 2009 revised budget for property transfer tax is \$6.5 million. This budget, like property tax, was based on the assumption of a continued slowdown in local real estate market activity and a reduction in the median housing price. As a result, the property transfer tax budget was reduced by \$2.4 million earlier this fiscal year. Unlike property taxes, property transfer taxes are highly reflective of housing market sales transactions and are therefore much more volatile.

The current recession and subsequent reductions in the price of homes have placed potential home sellers in the position where home values may be lower than current mortgages and, accordingly, homeowners are reluctant to sell in the down market. In addition, potential buyers face much stricter standards from lending institutions and are often unable to meet the criteria for a down payment of a home. In total, the lack of affordable supply and weak demand creates a low level of real estate sales that has not been seen in over a decade. Much of the sales activity that is occurring is due to foreclosed or short-sale transactions. It is anticipated that when the median price of homes falls to a level that becomes affordable for the average homebuyer, demand will be stimulated and property transfer tax receipts will begin to rise. Economists project this to occur in San Diego toward the end of Fiscal Year 2009 and into the beginning of Fiscal Year 2010.

Although the revised property transfer tax budget reflects the assumption of a continued slowdown in the housing market, the projected prolonged depth and length of decline requires the revenue estimates to be further reduced. Based on the receipts through period six and current market conditions, it is projected that property transfer tax receipts will be \$560,000, or 9 percent, below the revised budget at year-end.

### **Sales Tax**

Sales tax is the City's second largest revenue source, representing 19 percent of the total revised General Fund revenue budget. Collected at the point of sale, sales tax receipts are remitted to the State Board of Equalization, which allocates tax revenue owed to the City in the form of monthly payments. The largest payments are distributed to the City on a quarterly basis.

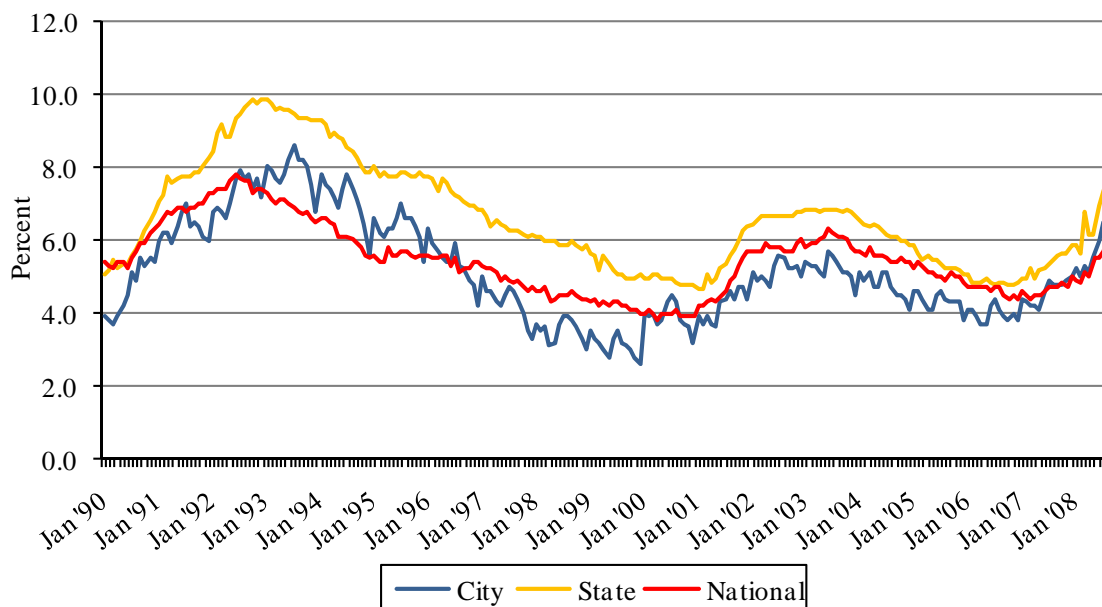
San Diego's diverse economy has provided a cushioning affect on our local economy, causing the City to experience less negative results compared to the State and the southern California region. However, the effects of the current recession are still adversely affecting the local economy. The most immediate impact is on consumer spending, which is most noticeable in the dramatic decrease in local retail sales. MuniServices, a sales tax audit firm, reported that sales tax receipts between the third quarter 2007 and the third quarter 2008 decreased by 3 percent Statewide, by nearly 4 percent in the southern California region, and by less than 1 percent for the City of San Diego. Major reductions in sales tax revenue in the third quarter of 2008 were in the construction (14 percent), sale of new cars (23 percent), and general retail (5 percent) sectors. The weak performance of the local retail sector during the holiday sales season was factored into the projections; however, the actual impact on sales tax receipts will not be known until March.

San Diego's unemployment climbed to 7.4 percent in December 2008, 0.2 percent above the national rate of 7.2 percent but below the State rate of 9.3 percent as reflected in Graph 3:



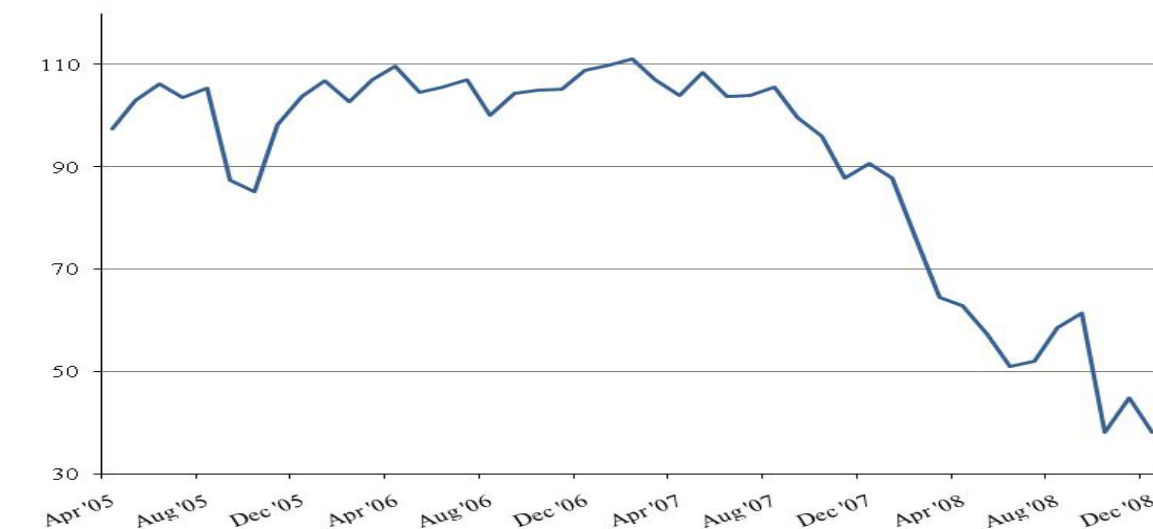
Unemployment Rates. These trends, not seen since the early 1990s, are putting significant downward pressure on sales tax revenue.

**Comparative Unemployment Rates**  
Graph 3



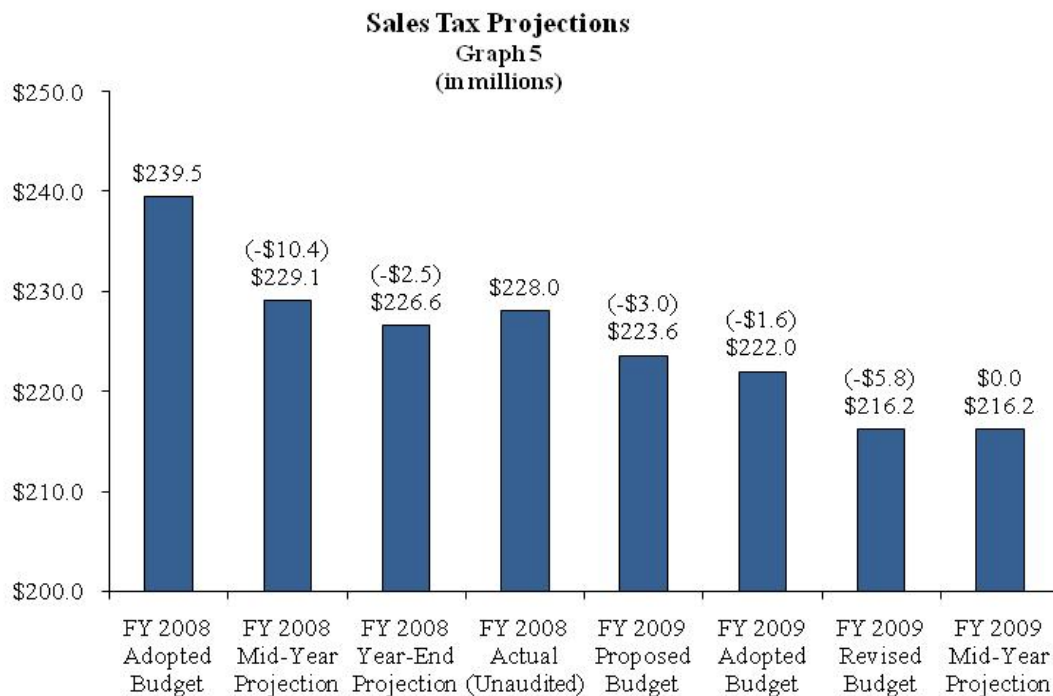
The pressure on consumers is switching from concerns about declining home prices and uncertainty in the financial markets to the dramatic changes in the employment market. Accordingly, this uncertainty is causing record lows in consumer confidence as measured by the National Conference Board and displayed in Graph 4: National Consumer Confidence. This translates into reduced sales tax revenue as consumers cut back on discretionary spending.

**National Consumer Confidence**  
Graph 4



Source: National Conference Board

The trends discussed above are continuously tracked by staff. As shown in Graph 5: Sales Tax Adjustments, Fiscal Year 2008 sales tax projections were adjusted downward by \$10.4 million mid-year and an additional \$2.5 million at year-end for a total variance of \$12.9 million from the adopted Fiscal Year 2008 budget. In Fiscal Year 2009, the revised sales tax budget is \$216.2 million, which represents an \$11.8 million reduction from the Fiscal Year 2008 actual (unaudited) receipts. The last quarter of receipts this fiscal year was for sales through September. Holiday sales will be reflected in the March receipts and the sales tax projection may be revised downward if the March payment is less than expected.



Sales tax revenues have been conservatively budgeted. The Fiscal Year 2009 sales tax budget was reduced by \$5.9 million based upon first quarter projections. Sales tax is currently projected to end the fiscal year equal to the revised budget.

### Safety Sales Tax

The Fiscal Year 2009 safety sales tax revised budget is \$7.4 million, which includes a reduction of \$720,000 implemented earlier this fiscal year. The revised budget reflects a 4 percent decrease from the actual (unaudited) receipts in Fiscal Year 2008. Safety sales tax is projected to come in slightly under the revised budget by \$77,000, or 1 percent, due to an anticipated weak performance of taxable sales in the local retail sector. The primary difference between safety sales tax receipts and sales tax performance is that safety sales tax revenue is based on the County of San Diego's share of taxable sales, which as a whole, underperforms the City of San Diego's net growth of taxable sales, as mentioned in the sales tax section.

**Transient Occupancy Tax (TOT)**

The total City transient occupancy tax (TOT) revised budget for Fiscal Year 2009 is \$156.9 million. Based upon the Municipal Code and Council Policy 100-03 rules regarding the allocation of this revenue, the General Fund revised TOT budget for Fiscal Year 2009 is approximately 52 percent of the total or \$82.2 million. This budget was reduced by \$8.4 million based upon first quarter projections. Actual (unaudited) General Fund TOT revenue received to-date is lower than the period-to-date budget. General Fund TOT is projected to be \$80.0 million at year-end, which reflects \$2.2 million, or 3 percent, decrease compared to the revised budget.

The current economic crisis continues to have a negative effect on tourism. According to data received from the San Diego Convention and Visitors Bureau in January 2009, the year-to-year percent growth forecast for total visitors through November 2008 is negative 1 percent and the average hotel occupancy rate has declined by 4 percent.

Average TOT activity remained steady between September and October 2008 but dropped sharply in November 2008 with activity coming in far short of revised expectations. The decline in TOT activity over the last quarter of 2008 coincides with the national economic slide that accelerated in September 2008 and resulted in a further decline in consumer confidence and spending. Graph 6: Rolling TOT Growth Rate Comparison represents a rolling growth rate based on a comparison between the current year activity and the previous year activity for the same time frame. The twelve month activity comparison reflects a yearly growth rate that is trending downward, while the six month analysis illustrates the volatility that exists in TOT receipts.

TOT revenue receipts through period six this fiscal year are lower than the same period last year. Negative growth is expected for the remainder of the fiscal year compared to the 6 percent positive growth that was assumed in the adopted budget. However, with the recent drop of visitor activity, the City's TOT revenues could decline further than currently projected.

**Rolling TOT Growth Rate Comparison**  
Graph 6



Month/Year	6 Month Activity Comparison	12 Month Activity Comparison	Month/Year	6 Month Activity Comparison	12 Month Activity Comparison
April 2007	11.4%	10.2%	February 2008	3.8%	7.1%
May 2007	10.2%	10.2%	March 2008	2.6%	6.4%
June 2007	10.5%	11.5%	April 2008	2.2%	5.2%
July 2007	10.1%	10.6%	May 2008	0.5%	5.5%
August 2007	9.9%	11.0%	June 2008	3.6%	4.9%
September 2007	9.6%	10.4%	July 2008	1.4%	4.1%
October 2007	7.6%	9.3%	August 2008	2.4%	3.0%
November 2007	9.8%	10.0%	September 2008	1.6%	2.0%
December 2007	6.2%	8.2%	October 2008	2.0%	2.1%
January 2008	7.3%	8.8%	November 2008	-3.9%	-1.9%

## Franchise Fees

Franchise fees revenue results from agreements with private utility companies in exchange for the use of the City's rights-of-way. San Diego Gas and Electric (SDG&E), Cox Communications, Time Warner Cable, and AT&T have franchise agreements with the City. The revenue received from the above agreements is based on a percentage of gross sales.

The Fiscal Year 2009 revised budget for franchise fees is \$68.2 million, which reflects a reduction of \$1.3 million from the adopted budget. Franchise fees revenue is projected to end the year at \$66.8 million, a \$1.4 million, or 2 percent, decrease from the revised budget. This decrease in estimated franchise fee revenues is primarily the result of a lower than expected clean-up payment for SDG&E franchise fees, which make up 60 percent of General Fund

franchise fees revenue. Actual growth for SDG&E revenues was 3 percent, as reflected in Table 7: SDG&E Revenue Growth, compared to the 5 percent assumed in the Fiscal Year 2009 revised budget. Estimates for cable franchise fees have not changed significantly and are projected to come in slightly under budget by \$274,000.

SDG&E Revenue Growth					
Table 7					
	Calendar Year				
	2004	2005	2006	2007	2008
SDG&E Franchise Fee Growth	9.34%	0.72%	9.16%	1.89%	3.37%

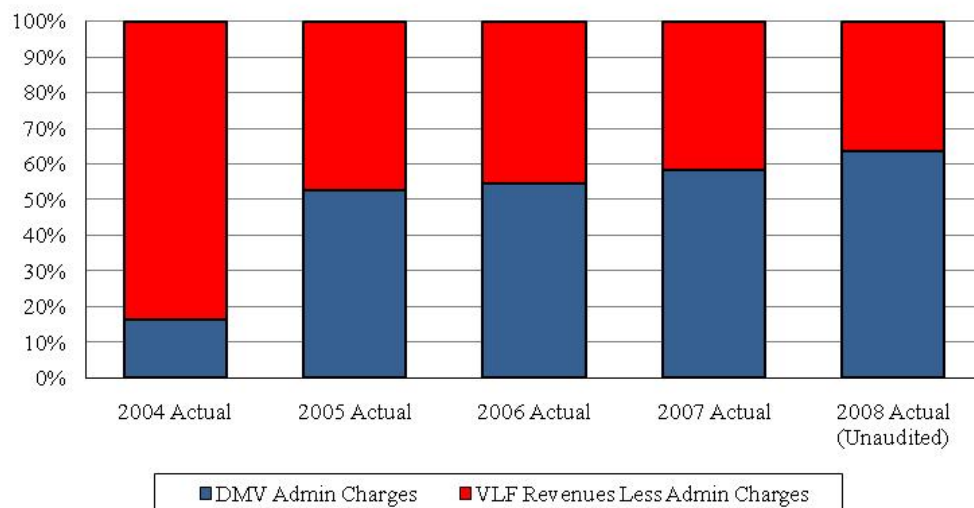
### Motor Vehicle License Fees (MVLFF)

Motor Vehicle License Fees (MVLFF) are levied as a percentage of an automobile's purchase price and are paid annually to the California Department of Motor Vehicles (DMV) at the time of registration. The fees are then forwarded to the State Controller's Office, which allocates the funds to local governments on a monthly basis.

MVLFF revenues are distributed on a per capita basis Statewide. Growth in the amount of local vehicle sales does not directly translate into an increase in the City's MVLFF revenue. The number of vehicles in the State, the ages of those vehicles, and their most recent sales price affect the amount of MVLFF generated and the amount allocated to the City. In addition, the amount of DMV administrative charges to the City continues to increase every year at a greater rate than the growth in annual MVLFF revenue as depicted in Graph 7: State MVLFF Administrative Charges as a Proportion of City Revenue.

State MVLFF Administrative Charges as a Proportion of City Revenue

Graph 7



The Fiscal Year 2009 revised MVLF budget is \$6.0 million, which reflects a 3 percent increase over the actual (unaudited) receipts for Fiscal Year 2008 and includes a reduction of \$845,000 from the Fiscal Year 2009 adopted budget. The continued decline in auto sales through the end of calendar year 2008 has reduced the amount of revenue received by the City. For instance, in the month of November, California auto registrations declined by nearly 47 percent. Tighter restrictions on financing, rising unemployment, and uncertainty in the economic climate have contributed to declining auto sales thus negatively affecting the City's MVLF revenue.

The Fiscal Year 2009 MVLF forecast is \$3.9 million, which represents a \$2.2 million, or 36 percent, decrease from the revised budget. The State made no payments to cities for activity in October and November 2008. Cities did receive an allocation in December, of which San Diego received \$392,000. However, the year-end projection assumes the City will not receive payments from the State for activity in January and February and, for the remainder of the year, will receive revenues similar to the final four months of Fiscal Year 2008.

### **Other Major Revenue**

The other major revenue category includes revenue sources such as the Transient Occupancy Tax Fund support for promotional activities, tobacco revenue securitization, interest from investments and dividends, and the refuse collector business tax. The Fiscal Year 2009 revised budget for other major revenue sources is \$77.7 million and is projected to end the year \$943,000 or 1 percent higher than budget. This variance is due to additional interest earnings and a one-time payment adjustment from the Redevelopment Agency in accordance with the tax sharing requirements under redevelopment law.

### **Department Revenues**

Combined departmental revenues are projected to be under budget by \$2.1 million, contributing to the \$8.7 million projected shortfall in General Fund revenues. Table 8: FY 2009 Significant General Fund Revenue Variances by Department displays departments with projected under or over budget revenue variances of \$500,000 or greater, or 10 percent or more with a minimum variance of \$100,000. These variances are discussed following the table.

**FY 2009 Significant General Fund Revenue Variances by Department**  
**Table 8**

<b>Department</b>	<b>Revised Budget</b>	<b>Year-End Projection</b>	<b>Over Budget/ (Under Budget)</b>	<b>Variance %</b>
Engineering and Capital Projects	\$ 63,064,976	\$ 59,193,928	\$ (3,871,048)	6%
Fire-Rescue	9,683,902	12,927,630	3,243,728	33%
City Treasurer	29,048,691	27,429,980	(1,618,711)	6%
Police	44,897,451	46,305,401	1,407,950	3%
General Services	41,424,657	40,478,624	(946,033)	2%
City Attorney	5,001,558	5,941,312	939,754	19%
DSD - Neighborhood Code Comp.	730,267	1,500,872	770,605	100%
City Planning and Community Inv.	4,246,117	3,514,490	(731,627)	17%
Real Estate Assets	43,604,594	42,912,889	(691,705)	2%
Library	1,745,548	1,281,791	(463,757)	27%
Office of Homeland Security	765,895	435,809	(330,086)	43%
Human Resources	302,051	574,729	272,678	90%
Office of Ethics and Integrity	302,050	94,552	(207,498)	69%
Debt Management	1,243,485	1,086,286	(157,199)	13%
Office of the Chief Financial Officer	350,000	495,976	145,976	42%

### **Engineering and Capital Projects**

The Engineering and Capital Projects Department's revenue budget is \$63.1 million and is primarily reimbursements for work performed on capital projects. The department is projecting revenues to be under budget at year-end by \$3.9 million or 6 percent. This is the result of vacant revenue generating positions and is offset by projected expenditure savings of \$3.2 million due to these vacancies.

### **Fire-Rescue**

The Fire-Rescue Department is projecting to receive \$3.2 million of over budget revenue. This represents a 33 percent variance from the department's revised revenue budget of \$9.7 million. The additional revenue is primarily due to reimbursement for Strike Team deployment and wildfire support that took place during the first part of the fiscal year.

### **City Treasurer**

The City Treasurer Department's revenue budget is \$29.0 million. The department is projecting to conclude the fiscal year \$1.6 million, or 6 percent, under budget in revenues. This is due in part to a reduction in fines related to parking citations resulting from the new internet based payment option that has increased the number of citations being paid on time. Additionally, State withholding levied tax refunds and vacant revenue generating positions contribute to this projected shortfall.

### **Police**

The Police Department is projecting to conclude the fiscal year with \$1.4 million of over budget revenue. This is a 3 percent variance from the department's \$44.9 million revised revenue budget. This positive variance is partially due to payments from the Port District for services

rendered in Fiscal Year 2008. In addition, the department continues to receive revenue from the Tow Referral Fee that was expected to be discontinued when the budget was developed.

### **General Services**

The General Services Department's revenue budget is \$41.4 million and consists of reimbursements from other funds for work performed on streets or City facilities, as well as Gas Tax, TransNet, and Proposition 1B funds. The department is projecting revenues to be under budget at year-end by \$946,000 or 2 percent. This is the result of less trench restoration work being performed for the Water and Metropolitan Wastewater Departments due to vacancies in the Street Division.

### **City Attorney**

The Office of the City Attorney is projecting \$940,000, or 19 percent, of revenue over the revised budget of \$5.0 million. This is primarily due to approximately \$2.0 million in litigation case awards received above the budgeted amount. No further revenue is expected for litigation cases this year. The additional litigation award revenue offsets a shortfall in service level agreement revenues.

### **Development Services - Neighborhood Code Compliance**

The Neighborhood Code Compliance Division of the Development Service Department has a revised revenue budget of \$730,000. The department is projecting to receive \$771,000, or 100 percent, over budget revenues. The additional estimated revenue is from four agreements that were entered into after the start of the fiscal year and not anticipated when the budget was developed. The four agreements are to provide proactive and focused code enforcements for Community Development Block Grant funds to assure compliance with all applicable Housing and Urban Development regulations; the City Heights and Crossroads Redevelopment Project areas; the Downtown Community Plan area; and the Southeastern Economic Development Corporation project area.

### **City Planning and Community Investment**

The City Planning and Community Investment Department is projecting revenue to be under budget by nearly \$732,000. This is a variance of 17 percent from the department's revised revenue budget of \$4.2 million. This projection is due primarily to a reduction in services to other funds, such as the Redevelopment Agency. The Community Development Block Grant section has been operating with vacancies for the first half of the year and this has resulted in less revenue being received. In addition, revenue generated from building permit activity has slowed down due to the current economic downturn.

### **Real Estate Assets**

The Real Estate Assets Department is projecting revenue to be under budget by \$692,000. This is a 2 percent variance from the department's revised budget of \$43.6 million. Mission Bay rents and concessions, which contribute to the majority of the department's revenues, are projected to be below budget primarily due to the economic downturn.



**Library**

The Library Department's revenue budget is \$1.7 million. The department is projecting to conclude the fiscal year \$464,000, or 27 percent, under budget in revenues. Revenues are projected to be below budget primarily due to changes in operations to better serve the public that resulted in a decrease in revenues. For example, the department has implemented an email reminder to notify borrowers of the due date of books or articles in advance. As a result, more items are being returned on time and less late fees are being assessed.

**Office of Homeland Security**

The Office of Homeland Security is projecting revenue to be under budget by \$330,000 at year-end. This represents a 43 percent variance from the department's revised budget of \$766,000. This is primarily due to vacancies in grant reimbursable positions and the delay of the Federal Emergency Management Agency reimbursement until Fiscal Year 2010.

**Human Resources and Office of Ethics and Integrity**

The Human Resources Department is projecting to conclude the fiscal year \$273,000 over budget in revenues, while the Office of Ethics and Integrity is projected to conclude the fiscal year \$207,000 under budget in revenues. This is due to the calculations related to the restructuring implemented as part of the first quarter budget amendment. Several programs were transferred to Human Resources from the Office of Ethics and Integrity; however, the entire remaining revenue budget has not yet been transferred. The annual appropriation ordinance provides the authority in section 2-I-H to correct these departments' budgets.

**Debt Management**

The Debt Management Department is projecting revenue to conclude the fiscal year \$157,000 under budget in revenue. This is a 13 percent variance from the department's revised budget of \$1.2 million. This is due to a reduction in services to special districts resulting from efficiencies and shifting of staff resources to support General Fund financing activities.

**Office of the Chief Financial Officer**

The Office of the Chief Financial Officer is projecting to receive \$146,000 of additional revenue. This is 42 percent above the department's revised revenue budget of \$350,000. This is primarily due to a new partnership with Evolution Film & Tape, Inc. to produce a documentary series about the San Diego Lifeguard Service which will air on TruTV.

**GENERAL FUND EXPENDITURES**

The total Fiscal Year 2009 General Fund revised expenditure budget is \$1.156 billion. This reflects a reduction of \$36.6 million in expenditure appropriations to balance the projected shortfall in revenue as discussed earlier in this report. Total expenditures through period six are below the period-to-date budget by \$52.5 million or 9 percent. This was primarily due to conservative spending and vacancies as departments waited for the outcome of the budget reductions. Year-end projections show under budget expenditures of \$10.5 million or 1 percent as shown in Table 9: FY 2009 Actual and Projected General Fund Expenditures.

## FY 2009 Actual and Projected General Fund Expenditures

Table 9

Actual/Projection	Budget	Actual/ Projection	Under Budget/ (Over Budget)	Variance %
Actual through Period 6	\$ 555,061,364	\$ 502,579,166	\$ 52,482,198	9%
Year-End Projection	1,156,037,357	1,145,567,794	10,469,563	1%

Note: This table does not include the Appropriated Reserve.

### Expenditures by Category

The under budget expenditure projection in the General Fund is almost entirely due to under budget salary expenditures, projected to be under budget by \$9.8 million. Equipment outlay is also projected to be under budget, offsetting overages in energy and utilities and other spending categories. This data is displayed in Table 10: FY 2009 General Fund Expenditure Projections by Category. Further, detailed discussion of expenditure variances follows.

## FY 2009 General Fund Expenditure Projections by Category

Table 10

Expenditure Type	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
Salaries and Wages	\$ 530,892,235	\$ 521,051,618	\$ 9,840,617	2%
Fringe Benefits	284,034,674	284,213,636	(178,962)	0%
Supplies and Services	268,054,684	268,268,651	(213,967)	0%
Information Technology	36,679,176	36,815,090	(135,914)	0%
Energy and Utilities	27,758,408	28,790,115	(1,031,707)	4%
Equipment Outlay	8,618,181	6,428,684	2,189,497	25%
<b>Total</b>	<b>\$1,156,037,357</b>	<b>\$1,145,567,794</b>	<b>\$ 10,469,563</b>	<b>1%</b>

Note: This table does not include the Appropriated Reserve.

### Salaries and Wages

The General Fund is projecting salaries to be \$9.8 million, or 2 percent, under budget at year-end. This is in addition to the budgeted vacancy savings of \$27.0 million, which reduces the salary budget to account for attrition, and is in addition to the positions reduced from the budget earlier this fiscal year. The Police Department is projecting a \$6.2 million variance from the department's salary budget due to the timing of filling vacancies. Although the department has been filling academies, 172.00 sworn positions are vacant. The Engineering and Capital Projects Department is projecting \$2.7 million of salary savings due to vacant engineer positions, whereas, the Fire-Rescue Department is projected to go over budget in salaries by \$2.0 million primarily due to overtime related to wildfire and Strike Team activities.

The General Fund budget includes \$3.2 million of salaries for terminal leave. In the past, the City did not budget this additional expense and departments were required to absorb the cost. As of period six, nearly \$2.2 million had been expended for terminal leave salaries in the General Fund.

**Fringe Benefits**

The total General Fund revised budget for fringe benefits is \$284.0 million. Fringe benefits are projected to end the year \$179,000 over the revised budget. As a result of first quarter projections, an additional \$4.0 million was added to the General Fund fringe budget. This fringe reserve, set aside in the Citywide Program Expenditures Department, offsets the projected overages in departments. The large amount of vacancies being experienced in non-general fund departments have shifted more of the burden of fixed fringe expenses, such as the annual required contribution (ARC) for retirement, other post employment benefits, workers' compensation, and Risk Management Administration, to the General Fund. In addition, the retirement contribution for the Police Department is being expensed at a rate higher than budgeted.

The ARC into the San Diego City Employees' Retirement System (SDCERS) is defined by the SDCERS actuary. The Fiscal Year 2009 ARC is \$161.7 million and must be fully collected. The position reductions that resulted from the budget amendment earlier this fiscal year do not reduce the required ARC amount. As a result, the collection rate may need to increase in order to fully collect \$167.1 million Citywide by year-end. The General Fund is projected to contribute \$132.8 million to the ARC this fiscal year, which is greater than the \$127.0 million budgeted; whereas the combined contribution from non-general funds is projected to be under budget by \$6.0 million. These variances are due to the actual number of positions and total City salaries compared to amounts budgeted.

In order to offset the increases in fringe expenses, fringe accounts were analyzed to determine if any rate adjustments could be applied in Fiscal Year 2009. At the current rate of collections, the fund balances for long-term disability, Risk Management Administration (RMA), and workers' compensation would exceed operational needs and Reserve Policy guidelines. These rate adjustments amount to approximately \$6.2 million (\$2.8 million workers' compensation, \$1.9 million RMA, and \$1.5 million long-term disability) of reduced expenditures for the General Fund and \$8.1 million Citywide.

**Supplies and Services and Information Technology**

General Fund projections reflect spending in the areas of supplies and services and information technology to be on target with the revised budget. The supplies and services category is projecting less than 1 percent negative variance, or \$214,000, from the revised budget of \$268.1 million. Similarly, projections for information technology show a negative variance \$136,000, or less than 1 percent, of the \$36.7 million revised budget.

**Energy and Utilities**

The General Fund is projecting to be \$1.0 million, or 4 percent, over budget in energy and utilities at year-end. The Park and Recreation Department is projecting over budget expenses due to additional facilities opening and the increase in water and sewer rates. The Fire-Rescue Department has expended additional funds for ambulance diesel fuel; however, this cost is reimbursed and is reflected in Fire-Rescue's revenue projections.

## Equipment Outlay

General Fund departments are projected to be \$2.2 million, or 25 percent, under budget in equipment outlay at year-end. Departments that are projecting large savings in this category, such as Park and Recreation and General Services, anticipate using the funds to offset overages in other spending categories. Overall, the projected variance in equipment outlay represents small savings across many departments, rather than a significant change in any one department's operations.

## Department Expenditures

Table 11: FY 2009 Significant General Fund Expenditure Variances by Department, displays the departments with projected over or under budget expenditure variances of \$500,000 or greater, or 10 percent or more with a minimum variance of \$100,000. These variances are discussed following the table. Attachment III: General Fund Projected Expenditures includes projections for all General Fund departments.

<b>FY 2009 Significant General Fund Expenditure Variances by Department</b>					
<b>Table 11</b>					
<b>Department</b>	<b>Revised Budget</b>	<b>Year-End Projection</b>	<b>Under Budget/ (Over Budget)</b>	<b>Variance %</b>	
Fire-Rescue	\$ 188,411,827	\$ 192,437,777	\$ (4,025,950)	2%	
Engineering and Capital Projects	64,950,437	61,768,126	3,182,311	5%	
Storm Water	43,146,521	40,909,961	2,236,560	5%	
Police	405,114,193	403,061,383	2,052,810	1%	
General Services	63,260,284	61,359,617	1,900,667	3%	
City Comptroller	12,097,492	11,034,400	1,063,092	9%	
Personnel	6,231,202	5,540,857	690,345	11%	
Park and Recreation	86,815,764	86,145,290	670,474	1%	
Public Safety	1,211,731	556,210	655,521	54%	
City Treasurer	14,164,860	13,589,541	575,319	4%	
Library	36,710,701	36,202,642	508,059	1%	
Administration	2,876,370	3,367,198	(490,828)	17%	
Debt Management	2,753,916	2,383,585	370,331	13%	
Office of Homeland Security	1,520,107	1,325,855	194,252	13%	
Office of Ethics and Integrity	1,066,084	871,369	194,715	18%	
Business Office	1,482,172	1,296,056	186,116	13%	

Due to the continued economic uncertainty, the Chief Operating Officer directed departments to minimize discretionary spending. This is in addition to the ongoing requirement for departments to obtain approval from the Chief Operating Officer to fill vacant positions. As a result, several departments are projected to end the fiscal year under budget.

## Fire-Rescue

The Fire-Rescue Department is projecting \$4.0 million, or 2 percent, of expenditures over the department's revised budget of \$188.4 million. This is primarily due to the increase in overtime related to Strike Team activities for the wildfires and other Federal Emergency Management

Agency requirements. In addition, diesel fuel costs for ambulances are higher than anticipated. Fire-Rescue is projecting \$3.2 million of revenue reimbursement to partially offset the projected over budget expenditures.

### **Engineering and Capital Projects**

The Engineering and Capital Projects Department is projecting expenditures to be \$3.2 million under budget. This is a 5 percent variance from the department's revised budget of \$65.0 million. This is mainly attributed to vacancies throughout the department. Engineering and Capital Projects plans to fill these vacancies by the end of the fiscal year. Due to these vacancies, the department is also projecting a shortfall of \$3.9 million in revenue.

### **Storm Water**

The Storm Water Department's revised budget is \$43.1 million. The department projects to end the fiscal year with \$2.2 million, or 5 percent, of expenditures under budget. There have been significant vacancies in this department throughout the year, contributing to approximately half of the projected variance. The remainder of the variance is due to timing and delays of contracts.

### **Police**

The Police Department, which now includes the Family Justice Center, is projecting to end the year with expenditures under budget by \$2.1 million, which is less than 1 percent of the revised budget of \$405.1 million. This variance is primarily attributed to \$6.2 million in projected salary savings resulting from 172.00 vacant sworn positions. The department plans to fill most of the vacant positions by the end of the fiscal year. This projection also includes \$4.7 million of projected over budget expenditures in fringe benefits. The large number of vacancies in the department is directly affecting the department's fixed fringe expenses, such as the annual required contribution (ARC) for retirement, other post employment benefits, workers' compensation, and Risk Management Administration.

### **General Services**

The General Services Department is projecting expenditures to be \$1.9 million under budget. This is a 3 percent variance from the department's revised budget of \$63.3 million and is due primarily to vacant reimbursable positions in the Street Division. Because of these vacancies, the department is also projecting revenues to end the year nearly \$1.0 million under budget. The department plans to fill most of the vacancies before the end of the fiscal year.

### **City Comptroller**

The City Comptroller's revised expenditure budget is \$12.1 million. The department is projecting expenditures to be 9 percent, or \$1.1 million, under the revised budget. This is primarily caused by vacancies in the department and conservative spending in supplies and services.

### **Personnel**

The Personnel Department is projecting to conclude the fiscal year with expenditures \$690,000, or 11 percent, under the revised budget of \$6.2 million. The projected savings is due to vacant positions, an employee on medical leave, staff re-assigned to the OneSD project, and employees

underfilling positions at a lower salary than budgeted. The department plans to fill the vacancies in the near future.

### **Park and Recreation**

The Park and Recreation Department is projecting to end the fiscal year with expenditures under budget by \$670,000. This is a 1 percent variance from the revised budget of \$86.8 million. During the budget reductions approved by City Council in December, the department's budget was reduced by \$1.4 million. These reductions coupled with conservative spending are reflected in the department's overall projected savings.

### **Public Safety and Administration**

The Public Safety Department is projected to end the fiscal year \$656,000 under budget in expenditures, while the Administration Department is projected to conclude the fiscal year \$491,000 over budget in expenditures. This is due to the calculations for the appropriation adjustments related to the restructuring, which were approved by City Council in December 2008. The Emergency Medical Services Program was transferred from Public Safety to Administration; however, a significant portion of the program's budget remains in Public Safety. The annual appropriation ordinance provides the authority in section 2.I.H to correct these departments' budgets.

### **City Treasurer**

The City Treasurer is projecting expenditures to be under budget by \$575,000 or 4 percent of the revised annual budget of \$14.2 million. The variance is primarily due to vacant positions, of which half are anticipated to be filled by the end of this fiscal year. Conservative spending also contributes to the year-end projection.

### **Library**

The Library Department is projecting to end the year with expenditures under budget by \$508,000 or 1 percent. The department's revised expenditure budget is \$36.7 million. The department projects to have salary savings due to vacant positions.

### **Debt Management**

The Debt Management Department is projecting expenditures under budget by \$370,000. This is a 13 percent variance from the revised expenditure budget of \$2.8 million. The variance is primarily due to vacancies, some of which are expected to be filled before the end of the fiscal year, and conservative spending in supplies and services.

### **Office of Homeland Security**

Expenditures for the Office of Homeland Security are projected to be under budget by \$194,000 or 13 percent from the revised budget of \$1.5 million. The projected variance is due to vacant positions. The vacant positions are reimbursable and, as a result, the Office of Homeland Security is also projecting revenues to be under budget by \$330,000.

### **Office of Ethics and Integrity**

The Office of Ethics and Integrity is projected to end the fiscal year \$195,000 under budget in expenditures. This department was eliminated as part of the restructuring implemented during

the first quarter budget amendment. The remaining variance is due to the calculations related to the restructuring. Programs from the Office of Ethics and Integrity were transferred to Human Resources and Administration; however, a portion of the programs' budgets remains in the Office of Ethics and Integrity. The annual appropriation ordinance provides the authority in section 2.I.H to correct these departments' budgets.

### **Business Office**

The Business Office is projecting to end the fiscal year with \$186,000, or 13 percent, of expenditures under the revised budget of \$1.5 million. This is primarily due to the delay in contract services for the Managed Competition Program as the City is currently involved in ongoing negotiations with the City's labor unions.

### **Citywide Program Expenditures**

The total year-end projection for Citywide Program Expenditures is \$60.5 million, which represents an insignificant variance of \$283,000 or less than 1 percent of the revised budget of \$60.8 million. However, certain line items within Citywide Program Expenditures do have significant variances. Citywide Elections are expected to cost the City nearly \$1.9 million less than budgeted due to fewer propositions on the November ballot and not having a run-off election. Property Tax Administration is projected to be over budget by \$1.0 million due to increased fees from the County of San Diego.

A \$4.0 million variance is reflected in the General Fund Fringe Reserve line item. This appropriation was added during the first quarter budget amendment to offset the General Fund fringe expenses that were projected to exceed fringe appropriations. In the year-end report, the \$4.0 million fringe budget in Citywide Program Expenditures will be allocated to departments experiencing overages in fringe expenses.

The budget for the General Fund Reserve Contribution was removed during the first quarter budget adjustments. At that time, the estimated reserve balance was sufficient to meet the 6.5 percent goal for this fiscal year. Since October, the City Comptroller has continued to close Fiscal Year 2008 and these closing activities have reduced the estimated reserve balance to \$71.5 million as of February 18, 2009. In order to achieve the 6.5 percent reserve goal based upon the latest reserve estimate and current year-end revenue projections, an additional \$3.1 million must be deposited into the reserves.

An additional \$1.5 million in expenditures is anticipated to reimburse other funds for wildfire related activities. Last fiscal year, both Environmental Services and Development Services received City Council's approval to waive certain permit and disposal fees for those impacted by the fires. Due to the restrictions on those enterprise funds, the General Fund must reimburse those funds for the waivers. The total estimated expense for this fiscal year is \$2.2 million.

## **NON-GENERAL FUNDS**

Projections based on the first six periods of Fiscal Year 2009 are provided in Attachment IV: Non-General Fund Projections for all non-general funds with staff. Those funds with significant

budgetary variances in revenues or expenditures of \$500,000 or more are displayed in Table 12: FY 2009 Significant Non-General Fund Expenditure Variances and are discussed below.

**FY 2009 Significant Non-General Fund Expenditure Variances**

**Table 12**

<b>Fund</b>	<b>Revenue/Expenditure</b>	<b>Revised Budget</b>	<b>Year-End Projection</b>	<b>Variance Amount</b>	<b>Variance %</b>
Central Stores Internal Service	Rev	23,773,316	27,726,676	3,953,360	17%
	Exp	23,773,316	27,442,609	(3,669,293)	15%
City Airport	Exp	5,580,953	4,878,693	702,260	13%
Development Serv. Enterprise	Rev	49,537,998	45,753,056	(3,784,942)	8%
	Exp	49,281,163	47,685,842	1,595,321	3%
Emergency Medical Services	Exp	7,105,288	6,270,889	834,399	12%
Fleet Services Internal Service	Exp	52,795,829	50,870,914	1,924,915	4%
Golf Course Enterprise	Rev	15,458,000	16,573,187	1,115,187	7%
	Exp	13,625,300	13,068,251	557,049	4%
PETCO Park	Rev	15,500,447	12,358,474	(3,141,973)	20%
Publishing Services Int. Serv.	Rev	4,618,052	5,718,436	1,100,384	24%
	Exp	4,544,986	5,148,391	(603,405)	13%
QUALCOMM Stadium Oper.	Rev	17,088,498	18,704,607	1,616,109	9%
Recycling	Rev	20,208,540	19,232,688	(975,852)	5%
	Exp	23,079,294	21,200,011	1,879,283	8%
Refuse Disposal	Exp	33,646,204	29,058,339	4,587,865	14%
Risk Management Admin.	Rev	6,599,088	3,906,693	(2,692,395)	41%
	Exp	8,868,110	8,278,930	589,180	7%
Sewer	Rev	486,768,000	409,307,005	(77,460,995)	16%
	Exp	618,966,696	330,124,126	288,842,570	47%
Water	Rev	510,410,016	525,914,708	15,504,692	3%
	Exp	709,323,171	468,028,031	241,295,140	34%

**Central Stores Internal Service Fund**

Year-end expenditure projections for the Central Stores Internal Service Fund are \$3.7 million, or 15 percent, over the revised annual budget of \$23.8 million. Similarly, revenues are projected to be \$4.0 million, or 17 percent, over the revenue budget. The expenditure variance is due to increased demand for inventory from customer departments, which will be offset by revenues from associated sales.



**City Airport Fund**

The City Airport Fund is projecting expenditures to end the year \$702,000, or 13 percent, under the revised expenditure budget of \$5.6 million. This variance is the result of capital improvement project expenditures that will carry forward into future years. Projected year-end expenditures in the City Airport Fund exceed projected revenues by approximately \$27,000, which will be covered by fund balance.

**Development Services Enterprise Fund**

Year-end expenditures for the Development Services Enterprise Fund are estimated to be \$1.6 million, or 3 percent, under the revised budget of \$49.3 million. Revenues for this fund are projected to end the year under budget by \$3.8 million or 8 percent. The positive expenditure variance is due to conservative spending in supplies and services to offset the projected under budget revenue. The under budget revenue is due to a decrease in licenses and permits as a result of the current economic downturn. This fund projects year-end expenditures to exceed revenues by \$1.9 million, which will be covered by fund balance.

**Emergency Medical Services Fund**

The Emergency Medical Services Fund's expenditure projection is under budget by \$834,000 or 12 percent of the revised budget of \$7.1 million. This is primarily due to vacancies, anticipated overtime savings, and conservative spending in supplies and services. The fund projects to end the year with \$855,000 of revenue in excess of expenditures.

**Fleet Services Internal Service Fund**

The Fleet Services Internal Service Fund's expenditure projection is under budget by \$1.9 million or 4 percent of the revised budget of \$52.8 million. This projected positive variance is due to vacancies in the department and savings in fuel cost.

**Golf Course Enterprise Fund**

The Golf Course Enterprise Fund projects year-end under budget expenditures of \$557,000 or 4 percent of the revised budget of \$13.6 million. The fund is also projecting a positive revenue variance of \$1.1 million, or 7 percent, above the \$15.5 million budget. Projected under budget expenditures are due to vacancies in the department and decreased costs for golf course maintenance. The positive revenue variance is primarily due to increased demand resulting from the 2008 US Open and improved turf conditions. The fund projects to end the year with \$3.5 million of revenue in excess of expenditures.

**PETCO Park Fund**

The PETCO Park Fund projects under budget revenues of \$3.1 million or 20 percent of the \$15.5 million budget. As part of the first quarter budget adjustment, \$3.2 million of transient occupancy tax revenue that supports PETCO Park was reduced from the Special Promotional Programs Budget; however, the budget for PETCO Park was not adjusted. This fund projects year-end expenditures to exceed revenues by \$5.0 million, which will be covered by fund balance.

**Publishing Services Internal Service Fund**

Expense projections for the Publishing Services Internal Service Fund show expenditures to be \$603,000, or 13 percent, over the budget of \$4.5 million. Revenues are projected to be \$1.1 million, or 24 percent, over budget. Over budget expenses are due to increased requests for publishing services. These requests for services also result in additional revenue to the fund from customer departments. However, due to the high level of demand, Publishing Services has exhausted the legal spending authority per the Fiscal Year 2009 Appropriations Ordinance and will be requesting an increase from City Council prior to the year-end report.

**QUALCOMM Stadium Operating Fund**

The QUALCOMM Stadium Operating Fund is projecting over budget revenues of \$1.6 million or 9 percent. This is the result of the Charger's playoff game, reimbursement from the San Diego State University Aztecs for expenses related to the 2008 season, and other special events. The fund projects to end the year with \$224,000 of revenue in excess of expenditures.

**Recycling Fund**

The Recycling Fund projects expenditures to end the year \$1.9 million, or 8 percent, under the revised budget of \$23.1 million. Similarly, a \$976,000, or 5 percent, negative variance is projected in revenue. The positive variance in expenditures is primarily attributed to vacant positions in the department due to efficiencies. The projected under budget revenue is due to the economic downturn which has resulted in decreased tonnage.

**Refuse Disposal Fund**

The Refuse Disposal Fund projects \$4.6 million, or 14 percent, of expenditures to end the year under the revised budget of \$33.6 million. This variance is attributed to a projected decline in overall tonnage being deposited in the City landfill. The fund is projected to end the year with \$5.1 million of revenues in excess of expenditures.

**Risk Management Administration Fund**

The Risk Management Administration Fund's expenditure projection is under budget by \$589,000 or 7 percent of the \$8.9 million budget. In addition, revenues are projected to be under budget by \$2.7 million or 41 percent. The expenditure variance is primarily due to vacancies in the department. The reduction in revenue is due to ceasing collection of the Risk Management Administration fringe rate for the remainder of the fiscal year as discussed in the fringe benefits section earlier in this report. This fund projects year-end expenditures to exceed revenues by \$4.4 million, which will be covered by fund balance.

**Sewer Funds**

The Sewer Funds are projecting year-end expenditures to be below the \$619.0 million budget by \$288.8 million or 47 percent. Under budget revenues of \$77.5 million, or 16 percent, are also projected. The positive variance in expenditures is due to capital improvement projects budgeted in Fiscal Year 2009 that are not expected to be fully expended by year-end, vacancies in the department, a decrease in bond repayments, as well as efficiencies resulting from the restructure with the Water Department. The under budget revenue is primarily due to a decrease in commercial and residential permit activities as well as capital improvement project bond

receipts. The fund is projected to end the year with \$79.2 million of revenues in excess of expenditures.

### **Water Department Fund**

The Water Department Fund projects year-end under budget expenditures of \$241.3 million, or 34 percent, of the \$709.3 million revised budget. A positive revenue variance of \$15.5 million, or 3 percent, is also projected. The expenditure variance is primarily due to capital improvement project funding budgeted in Fiscal Year 2009 that is not expected to be fully expended by year-end. This funding will carry forward and be expended in future years as projects progress. Additionally, there is a decrease in bond repayments and expected personnel savings resulting from the restructure with the Metropolitan Wastewater Department. The positive revenue variance is due to water rate increases and anticipated grants for improvements to water treatment plants. The fund is projecting to end the year with \$57.9 million of revenue in excess of expenditures.

FISCAL CONSIDERATIONS: None.

PREVIOUS COUNCIL and/or COMMITTEE ACTION: City Council approved changes to the budget as a result of the Fiscal Year 2009 Budget Amendment Report, #081-166 in Resolution R-304447 and Ordinance O-19822, approved on December 9, 2008. City Council subsequently restored the fire pit program and 3.00 FTE painters in Ordinance O-19832 on February 3, 2009.

COMMUNITY PARTICIPATION AND PUBLIC OUTREACH EFFORTS: None.

KEY STAKEHOLDERS AND PROJECTED IMPACTS: None.

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Nader Tirandazi  
Financial Management Director

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Mary Lewis  
Chief Financial Officer

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Angela Colton  
Financial Manager

Attachments: I. General Fund Corrective Actions  
II. General Fund Projected Revenues  
III. General Fund Projected Expenditures  
IV. Non-General Fund Projections

<b>General Fund Corrective Actions</b>
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Business Center/Department	Revenue	Expenditures
<b>Major General Fund Revenues</b>		
Reduction in Property Tax	\$ (14,521,369)	\$ -
Reduction in Transfers from Other Funds <sup>1</sup>	(9,093,441)	-
Reduction in Transient Occupancy Tax	(8,439,428)	-
Reduction in Sales Tax	(5,857,642)	-
Reduction in Property Transfer Tax	(2,449,019)	-
Reduction in Interest Earnings	(1,668,979)	-
Reduction in Franchise Fees	(1,271,091)	-
Reduction in Motor Vehicle License Fees	(845,331)	-
Reduction in Safety Sales Tax	(719,797)	-
Transfer Fund Balance from the Transient Occupancy Tax Fund	2,399,890	-
Transfer Library System Improvement Fund Balance from TOT Fund <sup>1</sup>	3,232,151	-
TOTAL	\$ (39,234,056)	\$ -
<b>Community and Legislative Services</b>		
Community and Legislative Services		
Reduce Funding for Supplies and Services	-	(112,000)
Reduce 2.00 Council Representative II and 1.00 Clerical Assistant II	-	(91,799)
TOTAL	\$ -	\$ (203,799)
Economic Growth Services		
Transfer BEAR and Gov't Incentives from City Planning and Comm Inv	394,391	633,382
<b>Non-Mayoral</b>		
City Clerk		
Increase Vacancy Factor	-	(50,000)
Eliminate Production of Hard-Copy Docket	-	(40,000)
Reduce Funding for Outside Counsel	-	(26,000)
Reduce Funding for ADA Redesign of City Clerk Lobby	-	(23,000)
Reduce Funding for Information Technology	-	(20,000)
Reduce Funding for Provisional Employment	-	(10,000)
Reduce Funding for Overtime	-	(10,000)
Additional Reduction	-	(48,946)
TOTAL	\$ -	\$ (227,946)
City Council - District 1		
Reduce Funding for Personnel Expenses and Supplies and Services	-	(49,500)
City Council - District 2		
Reduce Funding for Supplies and Services	-	(49,500)
City Council - District 3		
Reduce Funding for Personnel Expenses and Supplies and Services	-	(49,500)
City Council - District 4		
Transfer from Infrastructure Improvement Fund	49,500	-
City Council - District 5		
Reduce Funding for Personnel Expenses and Supplies and Services	-	(49,500)
City Council - District 6		
Transfer from Infrastructure Improvement Fund	49,500	-

<b>General Fund Corrective Actions</b>
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Business Center/Department	Revenue	Expenditures
<b>Non-Mayoral (continued)</b>		
City Council - District 7		
Reduce Funding for Personnel Expenses and Supplies and Services	\$ -	\$ (49,500)
City Council - District 8		
Transfer from Infrastructure Improvement Fund	49,500	-
Council Administration		
Reduce Funding for Personnel Expenses and Supplies and Services	-	(90,122)
Additional Reduction	-	(8,636)
TOTAL	\$ -	\$ (98,758)
Ethics Commission		
Reduce 1.00 Associate Management Analyst	-	(47,872)
Reduce Funding for Supplies and Services	-	(10,000)
TOTAL	\$ -	\$ (57,872)
Office of the Independent Budget Analyst		
Increase Vacancy Factor by Maintaining 1.00 Analyst Vacant	-	(149,011)
Personnel		
Increase Vacancy Factor	-	(119,695)
Reduce 1.00 Associate Personnel Analyst	-	(100,018)
Reduce Funding for Supplies and Services	-	(7,500)
TOTAL	\$ -	\$ (227,213)
<b>Office of the Assistant Chief Operating Officer</b>		
Office of the Assistant Chief Operating Officer		
Transfer 1.00 position from City Planning and Development	-	180,753
Administration		
Reduce 1.00 Associate Management Analyst	-	(95,983)
Transfer Public Information from Customer Services Department	-	47,153
Transfer Citizens Review Board from Office of Ethics and Integrity	-	84,070
Transfer Emergency Medical Services from Public Safety Department	80,832	943,750
TOTAL	\$ 80,832	\$ 978,990
Business Office		
Reduce Funding for Managed Competition Contract	-	(250,000)
Reduce 1.00 Associate Engineer - Civil	-	(117,225)
Reduce 1.00 Organization Effective Specialist II	-	(99,527)
TOTAL	\$ -	\$ (466,752)
Human Resources		
Transfer Training from Customer Services Department	-	151,730
Transfer Human Relations Commission from Office of Ethics and Integrity	-	89,047
Transfer Diversity from Office of Ethics and Integrity	242,051	131,535
Transfer Disability Services from Office of Ethics and Integrity	60,000	319,301
TOTAL	\$ 302,051	\$ 691,613
Office of the Chief Information Officer		
Reduce General Fund Support for Office of the Chief Information Officer	-	(136,845)

<b>General Fund Corrective Actions</b>
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Business Center/Department	Revenue	Expenditures
<b>Office of the Chief Financial Officer</b>		
Office of the Chief Financial Officer		
Reduce 1.00 Director of Major Gifts/Planned Giving	\$ -	\$ (69,777)
City Treasurer		
Reduce Funding for Supplies and Services	-	(381,469)
Reduce 3.00 Collection Investigator I positions	-	(251,207)
Reduce 1.00 Account Clerk and 1.00 Clerical Assistant II	-	(120,038)
TOTAL	\$ -	\$ (752,714)
Citywide Program Expenditures		
Remove Funding for Leverage of Employee Pick-Up Savings	-	(7,600,000)
Remove Funding for General Fund Reserve Contribution	-	(3,687,718)
Add Funding for Vernal Pool Settlement	-	500,000
Increase Funding for Fringe Benefits throughout the General Fund	-	4,000,000
TOTAL	\$ -	\$ (6,787,718)
Financial Management		
Reduce Funding for Information Technology	(136,000)	(200,000)
Reduce 2.00 Associate Management Analysts	-	(111,980)
Increase Vacancy Factor	-	(50,000)
Reduce Funding for Supplies and Services	-	(23,464)
TOTAL	\$ (136,000)	\$ (385,444)
Purchasing and Contracting		
Reduce 1.00 Purchasing Agent	-	(86,047)
Reduce Funding for Supplies and Services	-	(50,000)
TOTAL	\$ -	\$ (136,047)
<b>Office of the Mayor and Chief Operating Officer</b>		
City Planning and Community Investment		
Reduce Funding for Uptown Cluster Community Plan Updates	-	(200,000)
Reduce 1.00 Program Manager, Planning Division	-	(123,970)
Reduce 1.00 Community Development Specialist IV	-	(118,904)
Reduce Funding for Public Information Support	-	(50,000)
Transfer BEAR and Gov't Incentives to Economic Growth Services Dept	(394,391)	(633,382)
TOTAL	\$ (394,391)	\$ (1,126,256)
Development Services - Neighborhood Code Compliance		
Reduce 3.00 Code Compliance Officers	-	(109,230)
Reduce 1.00 Public Information Clerk	-	(62,201)
TOTAL	\$ -	\$ (171,431)

<b>General Fund Corrective Actions</b>
--

Business Center/Department	Revenue	Expenditures
<b>Office of the Mayor and Chief Operating Officer (continued)</b>		
Fire-Rescue		
Eliminate One Fire Recruit Academy	\$ -	\$ (715,731)
Cross-Staff One Helicopter During Non-Wildfire Season	-	(384,364)
Eliminate Medic Rescue 9	-	(274,456)
Reduce 2.00 Clerical Assistant II positions and 1.00 Senior Clerk/Typist	-	(186,116)
Reduce 2.00 Code Compliance Officers	-	(145,638)
Increase Vacancy Factor by Maintaining 1.00 Deputy Fire Chief Vacant	-	(106,794)
Reduce 1.00 Project Assistant	-	(103,431)
Reduce 2.00 Lifeguard II positions (Lifeguard Division)	-	(98,086)
Reduce Hours of Light and Air Unit Overtime Staffing	-	(81,500)
Reduce Lifeguard Seasonal Hours	-	(70,000)
Reduce Funding for Community Outreach	-	(63,945)
Reclassify Positions	-	(42,490)
Reduce Funding for Supplies and Services (Lifeguard Division)	-	(12,400)
Increase Fees for the Junior Lifeguard Program (Lifeguard Division)	109,489	-
TOTAL	\$ 109,489	\$ (2,284,950)
Library		
Reduce Funding for Donation Matches	-	(250,000)
Reduce 1.00 Associate Management Analyst	-	(52,856)
TOTAL	\$ -	\$ (302,856)
Office of Homeland Security		
Reduce Funding for Reverse 911 System	-	(83,801)
Park and Recreation		
Eliminate Funding for CIP Grant Matches	-	(446,955)
Convert Skate Parks to Unsupervised, including 8.70 positions	(74,000)	(255,246)
Eliminate 6.25 Assistant Center Directors at Recreation Centers	-	(188,664)
Reduce 1.00 Assistant Director	-	(159,153)
Eliminate Grounds Maintenance at Various Locations, incl 3.00 positions	-	(137,718)
Eliminate or Reduce Security Services at Various Locations	-	(74,961)
Reduce Hours/Support at Gyms/Activity Centers, incl 2.00 positions	-	(70,781)
Reduce 1.00 Supervising Custodian in Balboa Park	-	(60,899)
Eliminate Competitive Level Swim Team, including 1.00 position	(4,500)	(20,045)
Eliminate Power Washing and Sweeping at Ocean Beach Pier	-	(11,250)
Funding for Fire Rings at Beaches and Bays, including 2.00 positions <sup>1</sup>	86,525	-
Return Prior Year Funding for Balboa Park Tram Grant Match	350,000	-
Return Prior Year Funding for CIP Grant Matches	398,000	-
TOTAL	\$ 756,025	\$ (1,425,672)

## General Fund Corrective Actions

Business Center/Department	Revenue	Expenditures
<b>Office of the Mayor and Chief Operating Officer (continued)</b>		
Police		
Increase Vacancy Factor and Reduce 35.00 Non-Sworn Positions	\$ -	\$ (3,800,000)
Reduce Funding for Supplies and Services	-	(1,800,000)
Reduce Police Academy Attendance to 25 Recruits	-	(1,500,000)
Reduce Funding for Overtime	-	(500,000)
Reduce Funding for Equipment Outlay	-	(500,000)
Reduce Funding for Information Technology	-	(200,000)
Reduce 1.00 Director and 1.00 Clerical Assistant II (Family Justice Ctr)	-	(95,826)
Add Funding for Booking Fees	-	2,100,000
Transfer Gang Commission from Public Safety Department	52,076	95,492
TOTAL	\$ 52,076	\$ (6,200,334)
<b>Public Works</b>		
Engineering and Capital Projects		
Reduce Funding for Supplies and Services	-	(209,496)
Environmental Services		
Reduce Funding for Landfill Disposal Fees	-	(701,581)
Establish Preferred Landfill Disposal Fee Rates for City Tonnage	-	(360,000)
Reduce 4.00 Positions and Related Support due to Efficiencies	-	(234,564)
Reduce Funding for Refuse Container Purchases	-	(200,000)
Discontinue Extra Summer Refuse Collection in Mission Beach	-	(21,060)
Increase Transfer of Facility Franchise Revenue	2,160,000	-
TOTAL	\$ 2,160,000	\$ (1,517,205)
General Services		
Reductions in Street Division, including 3.00 positions	-	(4,507,768)
Reductions in Facilities Division, including 5.00 positions <sup>1</sup>	-	(1,296,052)
Reductions in Contracts Division, including 1.00 position	-	(260,773)
TOTAL	\$ -	\$ (6,064,593)
Real Estate Assets		
Reduce Funding for Supplies and Services	-	(73,000)
Reduce 1.00 Associate Management Analyst	-	(47,991)
Reduce 1.00 Associate Property Agent	-	(47,326)
Transfer 0.50 Ball Park Administrator to PETCO Park	-	(40,336)
Reduce 1.00 Word Processing Operator	-	(30,840)
TOTAL	\$ -	\$ (239,493)
Storm Water		
Reduce Funding for Storm Drain Repairs	-	(2,250,000)
Reduce Funding for Contracts, Use Prior Year Encumbrances	-	(1,400,000)
Reduce Funding for Pollution Prevention Education and Outreach	-	(1,054,250)
Reduce 10.00 positions	-	(969,565)
TOTAL	\$ -	\$ (5,673,815)



<b>General Fund Corrective Actions</b>
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Business Center/Department	Revenue	Expenditures
<b>Eliminated Departments</b>		
City Planning and Development		
Eliminate Business Center, including 1.00 position	\$ -	\$ (86,297)
Transfer 1.00 position to Office of the Assistant Chief Operating Officer	-	(180,753)
TOTAL	\$ -	\$ (267,050)
Community Services		
Eliminate Business Center, including 2.00 positions	-	(170,961)
Customer Services		
Eliminate all Functions except Citywide Training, including 18.00 positions	(352,011)	(940,320)
Transfer Training to Human Resources Department	-	(151,730)
Transfer Public Information to Administration Department	-	(47,153)
TOTAL	\$ (352,011)	\$ (1,139,203)
Office of Ethics and Integrity		
Eliminate Business Center, including 3.00 positions	-	(276,835)
Reduce 1.00 Executive Secretary from Citizens Review Board	-	(40,609)
Reduce 1.00 Executive Secretary from Human Relations Commission	-	(40,609)
Reduce 1.00 Administrative Aide II from Disability Services	-	(39,078)
Transfer Disability Services to Human Resources Department	(60,000)	(319,301)
Transfer Diversity to Human Resources Department	(242,051)	(131,535)
Transfer Human Relations Commission to Human Resources Department	-	(89,047)
Transfer Citizens Review Board to Administration Department	-	(84,070)
TOTAL	\$ (302,051)	\$ (1,021,084)
Public Safety		
Eliminate Business Center, including 2.00 positions	(22,981)	(170,934)
Transfer Emergency Medical Services to Administration Department	(80,832)	(943,750)
Transfer Gang Commission to Police Department	(52,076)	(95,492)
TOTAL	\$ (155,889)	\$ (1,210,176)
<b>Total General Fund Corrective Actions</b>	<b>\$ (36,571,034)</b>	<b>\$ (36,571,034)</b>

This table reflects budget adjustments approved by City Council on December 9, 2008, O-19822, unless otherwise noted.

<sup>1</sup> Reflects reinstatement of fire pit program and 3.00 FTE painters as approved by City Council on February 2, 2009, O-19832.

<b>General Fund Projected Revenues</b>
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Business Center/Department	Adopted Budget	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Major General Fund Revenues</b>					
Charges for Current Services	\$ 20,519,925	\$ 20,519,925	\$ 20,519,925	\$ -	0%
Franchise Fees <sup>1</sup>	69,482,159	68,211,068	66,831,213	(1,379,855)	2%
Interest Earnings	9,613,317	7,944,338	8,295,884	351,546	4%
Miscellaneous and Unbudgeted	1,250,143	1,250,143	1,250,143	-	0%
Motor Vehicle License Fees	6,875,220	6,029,889	3,874,797	(2,155,092)	36%
Property Tax	411,141,755	396,620,386	395,451,517	(1,168,869)	0%
Property Transfer Tax	8,901,320	6,452,301	5,892,303	(559,998)	9%
Refuse Collector Business Tax	1,800,000	1,800,000	1,800,000	-	0%
Revenue from Other Agencies	7,900,000	7,900,000	7,900,000	-	0%
Safety Sales Tax	8,114,255	7,394,458	7,317,082	(77,376)	1%
Sales Tax <sup>2</sup>	222,081,552	216,223,910	216,223,910	-	0%
Transfers from Other Funds <sup>3</sup>	41,748,200	38,286,800	38,878,388	591,588	2%
Transient Occupancy Tax <sup>4</sup>	90,628,826	82,189,398	79,971,199	(2,218,199)	3%
TOTAL	\$ 900,056,672	\$ 860,822,616	\$ 854,206,361	\$ (6,616,255)	1%
<b>Community and Legislative Services</b>					
Community and Legislative Services	266,900	266,900	268,982	2,082	1%
Economic Growth Services	-	394,391	394,391	-	0%
<b>Non-Mayoral</b>					
City Attorney	5,001,558	5,001,558	5,941,312	939,754	19%
City Auditor	-	-	57,039	57,039	100%
City Clerk	29,477	29,477	53,818	24,341	83%
City Council - District 1	-	-	-	-	0%
City Council - District 2	-	-	-	-	0%
City Council - District 3	-	-	-	-	0%
City Council - District 4	-	49,500	49,500	-	0%
City Council - District 5	-	-	-	-	0%
City Council - District 6	-	49,500	49,500	-	0%
City Council - District 7	-	-	-	-	0%
City Council - District 8	-	49,500	49,500	-	0%

<b>General Fund Projected Revenues</b>
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Business Center/Department	Adopted Budget	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Non-Mayoral (continued)</b>					
Council Administration	\$ -	\$ -	\$ -	\$ -	0%
Ethics Commission	-	-	1,800	1,800	100%
Office of the Independent Budget Analyst	-	-	-	-	0%
Personnel	147,000	147,000	155,515	8,515	6%
<b>Office of the Assistant Chief Operating Officer</b>					
Office of the Assistant Chief Operating Officer	-	-	-	-	0%
Administration	103,074	183,906	171,121	(12,785)	7%
Business Office	-	-	57	57	100%
Human Resources <sup>5</sup>	-	302,051	574,729	272,678	90%
Office of the Chief Information Officer	-	-	-	-	0%
<b>Office of the Chief Financial Officer</b>					
Office of the Chief Financial Officer	350,000	350,000	495,976	145,976	42%
City Comptroller	3,870,654	3,870,654	3,982,366	111,712	3%
City Treasurer	29,048,691	29,048,691	27,429,980	(1,618,711)	6%
Citywide Program Expenditures	-	-	-	-	0%
Debt Management	1,243,485	1,243,485	1,086,286	(157,199)	13%
Financial Management	652,784	516,784	412,747	(104,037)	20%
Purchasing and Contracting	865,121	865,121	912,923	47,802	6%
<b>Office of the Mayor and Chief Operating Officer</b>					
Office of the Mayor and Chief Operating Officer	-	-	-	-	0%
City Planning and Community Investment	4,640,508	4,246,117	3,514,490	(731,627)	17%
Development Services - Neighborhood Code Compliance	730,267	730,267	1,500,872	770,605	100%
Fire-Rescue	9,574,413	9,683,902	12,927,630	3,243,728	33%
Library	1,745,548	1,745,548	1,281,791	(463,757)	27%
Office of Homeland Security	765,895	765,895	435,809	(330,086)	43%
Park and Recreation <sup>2</sup>	31,031,101	31,787,126	31,771,310	(15,816)	0%
Police	44,845,375	44,897,451	46,305,401	1,407,950	3%

<b>General Fund Projected Revenues</b>
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Business Center/Department	Adopted Budget	Revised Budget	Year-End Projection	Over Budget/ (Under Budget)	Variance %
<b>Public Works</b>					
Public Works	\$ -	\$ -	\$ -	\$ -	0%
Engineering and Capital Projects	63,064,976	63,064,976	59,193,928	(3,871,048)	6%
Environmental Services	1,665,653	3,825,653	3,892,635	66,982	2%
General Services	41,424,657	41,424,657	40,478,624	(946,033)	2%
Real Estate Assets	43,604,594	43,604,594	42,912,889	(691,705)	2%
Storm Water	6,260,091	6,260,091	6,221,561	(38,530)	1%
<b>Eliminated Departments</b>					
City Planning and Development	-	-	-	-	0%
Community Services	-	-	-	-	0%
Customer Services	704,021	352,010	352,010	-	0%
Office of Ethics and Integrity <sup>5</sup>	604,101	302,050	94,552	(207,498)	69%
Public Safety	311,775	155,886	122,313	(33,573)	22%
<b>Total General Fund Revenues</b>	<b>\$ 1,192,608,391</b>	<b>\$ 1,156,037,357</b>	<b>\$ 1,147,299,716</b>	<b>\$ (8,737,641)</b>	<b>1%</b>

The revised budget presented in this table is as of period six, December 12, 2008, unless otherwise noted.

<sup>1</sup> Total City FY 2009 revised franchise fees revenue budget is \$81.9 million and the projection is \$80.2 million. The balance is budgeted in the Environmental Growth Funds.

<sup>2</sup> Budget increase for Business Cooperative Program has been removed from revised budget.

<sup>3</sup> Revised budget reflects reinstatement of fire pit program and 3.00 FTE painters as approved by City Council on February 2, 2009, O-19832.

<sup>4</sup> Total City transient occupancy tax revised revenue budget for FY 2009 is \$156.9 million and the projection is \$152.6 million. The balance is budgeted in the Transient Occupancy Tax Fund.

<sup>5</sup> Variance is primarily due to restructuring as part of the FY 2009 corrective actions and is offset by a variance in another department.

<b>General Fund Projected Expenditures</b>
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Business Center/Department	Adopted Budget	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
<b>Community and Legislative Services</b>					
Community and Legislative Services	\$ 4,186,805	\$ 3,983,006	\$ 3,980,428	\$ 2,578	0%
Economic Growth Services	-	633,382	633,382	-	0%
<b>Non-Mayoral</b>					
City Attorney	36,391,174	36,391,174	36,569,866	(178,692)	0%
City Auditor	1,677,628	1,677,628	1,623,282	54,346	3%
City Clerk	4,496,396	4,360,450	4,410,440	(49,990)	1%
City Council - District 1	990,000	940,500	922,431	18,069	2%
City Council - District 2	990,000	940,500	744,738	195,762	21%
City Council - District 3	990,000	940,500	940,005	495	0%
City Council - District 4	990,000	990,000	988,897	1,103	0%
City Council - District 5	990,000	940,500	840,563	99,937	11%
City Council - District 6	990,000	990,000	974,314	15,686	2%
City Council - District 7	990,000	940,500	923,429	17,071	2%
City Council - District 8	990,000	990,000	957,715	32,285	3%
Council Administration	1,975,158	1,876,400	1,875,779	621	0%
Ethics Commission	1,006,299	948,427	937,483	10,944	1%
Office of the Independent Budget Analyst	1,615,215	1,466,204	1,466,204	-	0%
Personnel	6,458,415	6,231,202	5,540,857	690,345	11%
<b>Office of the Assistant Chief Operating Officer</b>					
Office of the Assistant Chief Operating Officer	-	180,753	113,718	67,035	37%
Administration <sup>1</sup>	1,897,380	2,876,370	3,367,198	(490,828)	17%
Business Office	1,948,924	1,482,172	1,296,056	186,116	13%
Human Resources <sup>1</sup>	963,547	1,655,160	1,698,656	(43,496)	3%
Office of the Chief Information Officer	24,963,599	24,826,754	24,826,296	458	0%
<b>Office of the Chief Financial Officer</b>					
Office of the Chief Financial Officer	1,025,169	955,392	955,281	111	0%
City Comptroller	12,097,492	12,097,492	11,034,400	1,063,092	9%
City Treasurer	14,917,574	14,164,860	13,589,541	575,319	4%

<b>General Fund Projected Expenditures</b>
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Business Center/Department	Adopted Budget	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
<b>Office of the Chief Financial Officer (continued)</b>					
<b>Citywide Program Expenditures</b>					
Annual Audit	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ -	0%
Assessments to Public Property	425,235	425,235	450,235	(25,000)	6%
Citywide Elections	2,700,000	2,700,000	825,000	1,875,000	69%
Corporate Master Leases Rent	9,023,325	9,023,325	9,100,000	(76,675)	1%
Employee Personal Property Claims	5,000	5,000	5,000	-	0%
General Fund Fringe Reserve <sup>2</sup>	-	4,000,000	-	4,000,000	100%
General Fund Reserve Contribution	3,687,718	-	3,055,175	(3,055,175)	100%
Insurance	1,365,879	1,365,879	1,250,297	115,582	8%
Local 127 Settlement	-	-	-	-	0%
Leverage of Employee Pick-Up Savings	7,614,000	-	-	-	0%
Memberships	630,000	630,000	630,000	-	0%
Preservation of Benefits	1,100,000	1,100,000	1,110,078	(10,078)	1%
Property Tax Administration	3,027,643	3,027,643	4,027,643	(1,000,000)	33%
Public Liability Claims Fund Transfer	28,000,000	28,000,000	28,000,000	-	0%
Repayment of Wildfire Fee Waivers to Enterprise Funds	700,000	700,000	2,200,000	(1,500,000)	100%
Special Consulting Services	782,000	796,000	836,159	(40,159)	5%
TRANS Interest Expense Transfer	2,269,981	2,269,981	2,269,981	-	0%
Transfer to Park Improvement Funds	4,933,605	4,933,605	4,933,605	-	0%
Transportation Subsidy	278,077	278,077	278,077	-	0%
Vernal Pools Settlement	-	500,000	500,000	-	0%
TOTAL	\$ 67,542,463	\$ 60,754,745	\$ 60,471,250	\$ 283,495	0%
Debt Management	2,753,916	2,753,916	2,383,585	370,331	13%
Financial Management	4,271,664	3,886,220	3,883,431	2,789	0%
Purchasing and Contracting	4,440,215	4,304,168	4,115,030	189,138	4%
<b>Office of the Mayor and Chief Operating Officer</b>					
Office of the Mayor and Chief Operating Officer	775,950	775,950	770,381	5,569	1%
City Planning and Community Investment <sup>3</sup>	17,898,126	16,771,870	17,022,061	(250,191)	1%
Development Services - Neighborhood Code Compliance	6,499,347	6,327,916	6,384,812	(56,896)	1%
Fire-Rescue	190,696,777	188,411,827	192,437,777	(4,025,950)	2%
Library	37,013,557	36,710,701	36,202,642	508,059	1%

<b>General Fund Projected Expenditures</b>
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Business Center/Department	Adopted Budget	Revised Budget	Year-End Projection	Under Budget/ (Over Budget)	Variance %
<b>Office of the Mayor and Chief Operating Officer (continued)</b>					
Office of Homeland Security	\$ 1,603,908	\$ 1,520,107	\$ 1,325,855	\$ 194,252	13%
Park and Recreation <sup>4</sup>	88,333,436	86,815,764	86,145,290	670,474	1%
Police	411,314,527	405,114,193	403,061,383	2,052,810	1%
<b>Public Works</b>					
Public Works	324,388	324,388	317,563	6,825	2%
Engineering and Capital Projects	65,159,933	64,950,437	61,768,126	3,182,311	5%
Environmental Services	40,511,321	38,994,116	38,912,350	81,766	0%
General Services <sup>4</sup>	69,324,877	63,260,284	61,359,617	1,900,667	3%
Real Estate Assets	4,062,120	3,822,627	3,822,908	(281)	0%
Storm Water	48,820,336	43,146,521	40,909,961	2,236,560	5%
<b>Eliminated Departments</b>					
City Planning and Development	534,098	267,048	264,687	2,361	1%
Community Services	348,585	177,624	180,753	(3,129)	2%
Customer Services	2,328,997	1,189,794	1,189,794	-	0%
Office of Ethics and Integrity <sup>1</sup>	2,087,168	1,066,084	871,369	194,715	18%
Public Safety <sup>1</sup>	2,421,907	1,211,731	556,210	655,521	54%
<b>Total General Fund Expenditures</b>	<b>\$ 1,192,608,391</b>	<b>\$ 1,156,037,357</b>	<b>\$ 1,145,567,794</b>	<b>\$ 10,469,563</b>	<b>1%</b>
<b>Appropriated Reserve</b>	-	10,000,000	-	10,000,000	100%
<b>Gen Fund Expenditures plus Appropriated Reserve</b>	<b>\$ 1,192,608,391</b>	<b>\$ 1,166,037,357</b>	<b>\$ 1,145,567,794</b>	<b>\$ 20,469,563</b>	<b>2%</b>

The revised budget presented in this table is as of period six, December 12, 2008, unless otherwise noted.

<sup>1</sup> Variance is primarily due to restructuring as part of the FY 2009 corrective actions and is offset by a variance in another department.

<sup>2</sup> The fringe reserve was established as part of the FY 2009 corrective actions and is offset with fringe projections in other departments.

<sup>3</sup> Budget increase for Business Cooperative Program has been removed from revised budget.

<sup>4</sup> Revised budget reflects reinstatement of fire pit program and 3.00 FTE painters as approved by City Council on February 2, 2009, O-19832.

<b>Non-General Fund Projections</b>
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Business Center/Fund		Adopted Budget	Revised Budget	Year-End Projection	Variance Amount	Variance %
<b>Community and Legislative Services</b>						
Commission for Arts and Culture <sup>1,2</sup>	Revenues	\$ -	\$ -	\$ 36,706	\$ 36,706	100%
	Expenditures	945,855	898,353	923,263	(24,910)	3%
Special Events <sup>1,2</sup>	Revenues	200,000	200,000	454,745	254,745	100%
	Expenditures	645,851	601,266	618,135	(16,869)	3%
<b>Office of the Assistant Chief Operating Officer</b>						
Information Technology Fund <sup>2</sup>	Revenues	13,216,491	12,967,680	12,833,697	(133,983)	1%
	Expenditures	15,404,630	15,155,819	14,680,536	475,283	3%
<b>Office of the Mayor and Chief Operating Officer</b>						
Development Services Enterprise Fund	Revenues	49,537,998	49,537,998	45,753,056	(3,784,942)	8%
	Expenditures	49,281,163	49,281,163	47,685,842	1,595,321	3%
Emergency Medical Services Fund	Revenues	7,327,295	7,327,295	7,125,856	(201,439)	3%
	Expenditures	7,105,288	7,105,288	6,270,889	834,399	12%
Facilities Financing Fund	Revenues	2,655,287	2,655,287	2,480,839	(174,448)	7%
	Expenditures	2,655,287	2,655,287	2,242,462	412,825	16%
Golf Course Enterprise Fund	Revenues	15,458,000	15,458,000	16,573,187	1,115,187	7%
	Expenditures	13,625,300	13,625,300	13,068,251	557,049	4%
Los Peñasquitos Canyon Preserve Fund	Revenues	176,000	176,000	179,874	3,874	2%
	Expenditures	227,838	227,838	219,761	8,077	4%
Redevelopment Fund	Revenues	3,338,616	3,338,616	3,418,454	79,838	2%
	Expenditures	3,338,616	3,338,616	3,387,791	(49,175)	1%
Serious Traffic Offender Program Fund	Revenues	1,200,000	1,200,000	1,203,357	3,357	0%
	Expenditures	1,200,000	1,200,000	1,426,574	(226,574)	19%
Solid Waste Local Enforcement Agency Fund	Revenues	857,528	857,528	626,979	(230,549)	27%
	Expenditures	934,850	934,850	741,752	193,098	21%



<b>Non-General Fund Projections</b>
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Business Center/Fund		Adopted Budget	Revised Budget	Year-End Projection	Variance Amount	Variance %
<b>Office of the Chief Financial Officer</b>						
Central Stores Internal Service Fund	Revenues	\$ 23,773,316	\$ 23,773,316	\$ 27,726,676	\$ 3,953,360	17%
	Expenditures	23,773,316	23,773,316	27,442,609	(3,669,293)	15%
Risk Management Administration Fund	Revenues	6,599,088	6,599,088	3,906,693	(2,692,395)	41%
	Expenditures	8,868,110	8,868,110	8,278,930	589,180	7%
<b>Public Works</b>						
City Airport Fund	Revenues	4,550,218	4,550,218	4,851,452	301,234	7%
	Expenditures	5,580,953	5,580,953	4,878,693	702,260	13%
Concourse and Parking Garages Operating Fund	Revenues	3,323,035	3,323,035	3,091,386	(231,649)	7%
	Expenditures	4,592,461	4,592,461	4,471,216	121,245	3%
Energy Conservation Program Fund	Revenues	1,802,168	1,802,168	1,806,676	4,508	0%
	Expenditures	1,802,168	1,802,168	1,753,609	48,559	3%
Fleet Services Internal Service Fund	Revenues	52,795,829	52,795,829	53,097,137	301,308	1%
	Expenditures	52,795,829	52,795,829	50,870,914	1,924,915	4%
PETCO Park Fund	Revenues	15,500,447	15,500,447	12,358,474	(3,141,973)	20%
	Expenditures	17,668,821	17,668,821	17,341,749	327,072	2%
Publishing Services Internal Service Fund	Revenues	4,618,052	4,618,052	5,718,436	1,100,384	24%
	Expenditures	4,544,986	4,544,986	5,148,391	(603,405)	13%
QUALCOMM Stadium Operating Fund	Revenues	17,088,498	17,088,498	18,704,607	1,616,109	9%
	Expenditures	18,712,887	18,712,887	18,481,010	231,877	1%
Recycling Fund	Revenues	20,208,540	20,208,540	19,232,688	(975,852)	5%
	Expenditures	23,079,294	23,079,294	21,200,011	1,879,283	8%
Refuse Disposal Fund	Revenues	34,519,892	34,519,892	34,164,542	(355,350)	1%
	Expenditures	33,646,204	33,646,204	29,058,339	4,587,865	14%
Utilities Undergrounding Program Fund	Revenues	48,490,966	48,490,966	48,820,374	329,408	1%
	Expenditures	1,146,575	1,146,575	1,019,308	127,267	11%

<b>Non-General Fund Projections</b>
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Business Center/Fund		Adopted Budget	Revised Budget	Year-End Projection	Variance Amount	Variance %
<b>Public Utilities</b>						
Sewer Funds	Revenues	\$ 486,768,000	\$ 486,768,000	\$ 409,307,005	\$ (77,460,995)	16%
	Expenditures	533,616,803	618,966,696	330,124,126	288,842,570	47%
Water Department Fund	Revenues	510,410,016	510,410,016	525,914,708	15,504,692	3%
	Expenditures	596,244,238	709,323,171	468,028,031	241,295,140	34%

The revised budget presented in this table is as of period six, December 12, 2008, unless otherwise noted.

<sup>1</sup> The Commission for Arts and Culture and Special Events Department are funded by the Transient Occupancy Tax (TOT) Fund.

<sup>2</sup> Revised budget reflects budget adjustments approved by City Council on December 9, 2008, O-19822, as part of the General Fund corrective actions.